

The Deposit Return Scheme for Drinks Containers (Wales) Regulations 2026: Submission to the Legislation, Justice and Constitution Committee

Author: Wine and Spirit Trade Association (March 2026)

Introduction:

The WSTA supports the introduction of a DRS for PET Plastic, steel and aluminium containers from October 2027, alongside removing glass from scope in Wales. This will ensure UK-wide, interoperability of schemes, prevent barriers to trade (such as unique labels for Wales), whilst ensuring that Wales can continue to deliver world-leading recycling rates for glass via kerbside collection.

Removing glass from Wales would prevent mass market withdrawal (initial estimates suggest over 90% of our industry's SKUs will be removed from sale in Wales) and ensure that environmental outcomes are protected (the current kerbside glass collection rate is over 90%, whilst targets set in these draft regulations are 80% by 2030).

Standing Orders:

The WSTA encourages the Committee to report on, and draw special attention to this instrument under [Standing Orders 21.2 and 21.3](#):

21.2 (v): *'that for any particular reason its form or meaning needs further explanation'*

21.3 (ii): *'that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd'*

Rationale:

The WSTA believes that the instrument should be drawn to special attention for numerous reasons within the Committee's remit. Most significantly:

- **There is no guarantee, or agreed methodology, for the UK or Welsh Government's to meet the terms of the transition period for glass 2027-2031 (no labelling requirements). This was a condition of the UK Internal Market exclusion for the scheme**
- **The Explanatory Memorandum and Regulatory Impact Assessment do not accurately reflect implementation of a DRS in Wales, nor impacts on business, or likely environmental benefits.**

Additional Resources:

[WSTA Analysis of the Explanatory Memorandum and Regulatory Impact Assessment](#)

[WSTA Briefing on International Deposit Return Schemes](#)

[WSTA Submission to the Climate Change, Environment and Infrastructure Committee on the Deposit Return Scheme for Drinks Containers \(Wales Regulations\) 2026](#)

Detail:

Transition Period 2027-2031:

These regulations contain a transition period (2027-2031), whereby glass containers in scope of DRS will be zero-rated (do not pay a deposit), and do not require associated labelling (such as a DRS scheme logo and barcode for Reverse Vending Machines). [The UK Internal Market exclusion](#) for the scheme states:

'This exclusion is subject to the Welsh Government committing to all of these points... extending its proposed transitional period for single use glass (where a 0p deposit applies and no labelling requirements or targets apply) to October 2031 – this will provide industry with additional lead-in time to prepare for the introduction of glass in the Welsh DRS'

However, in lieu of further guidance from either Welsh Government or UK Government at this stage, it is our interpretation that unique identification of products sold in Wales will be required from day one of the scheme in October 2027. **This is because products will need to be differentiated from identical glass containers/products in scope of Extended Producer Responsibility (EPR) in the rest of the UK. This is an important anti-fraud measure, with the ongoing requirement for containers in scope of EPR to pay scheme fees. The Welsh Government acknowledge this in the Regulatory Impact Assessment for these regulations (contained within [Explanatory Memorandum](#)):**

'DRS drinks containers will be exempt from pEPR payments from the scheme launch in October 2027' (2.93)

'Many products will undergo relabelling before 2031 for commercial and legislative reasons outside of the DRS' (2.91)

The need for unique identification of products in Wales by October 2027 is a significant challenge to business. Aside costs and re-labelling cycles (typically 24-month intervals to re-design labels), introducing a unique labelling regime within the UK's Internal Market requires the ability to pinpoint the final POS (point-of-sale) or point of consumption of a product. This is not realistic, as many importers or producers sell to wholesalers and third-party distributors and do not have visibility of a product's full journey through the market and to the consumer. Businesses currently apply one label,

at the point of bottling, to cover most of the EU. Even if the financial burden, of unique labelling can be surpassed, it is highly unlikely produce, destined for the Welsh market, will be labelled at the point of production, and separated, along the entire supply chain, for such a small market.

Many businesses may choose to withdraw entirely from selling in Wales due to the complexity of identifying and applying unique labels. Initial estimates produced by the WSTA suggest that up to 97% of SKUs (stock-keeping units) in our industry could be withdrawn from sale in Wales if a DRS with glass in-scope is implemented.

Explanatory Memorandum (EM) and Regulatory Impact Assessment (RIA):

The WSTA has produced a full analysis of the Explanatory Memorandum (EM) and integrated Regulatory Impact Assessment (RIA). Below are some significant concerns:

Unique Identification: As outlined below, despite the condition of the UKIMA exclusion stating no labelling requirements before October 2031, the RIA states: *'Many products will undergo relabelling before 2031 for commercial and legislative reasons outside of the DRS' (2.91)*

QR Labelling: The RIA assumes 80% of containers within scope of DRS will have serialised QR codes by 2031. A minority of SKUs within WSTA membership and the wider industry currently apply QR codes, and we do not see this as a realistic target, especially given the number of low-volume SKU lines sold in the UK. The RIA also concedes that this 80% estimate is not evidence-based: *'No forecasts were found on the likely level of future adoption and so for the impact assessment it is assumed that 20 percent of glass DRS SKUs will not have added QR codes by October 2031' (2.79)*

Re-Labelling: When complying with labelling requirements under the regulations, businesses in our industry will have to re-label and separate stock year-on-year (for example, annual vintage varieties for wine). The RIA states that this will be a one-off cost: *'There will be a one-off cost to producers to re-design labels to incorporate a DRS logo and a barcode capable of being read by an RVM' (2.87)*. The re-labelling cost for glass is estimated at £2.1 million (2.91). The WSTA disputes this estimate, that is likely to be significantly higher, and a recurring (not singular) cost.

Local Authority Funding: There is no solution for funding local authority (LA) glass collections between 2027-2031 (the transition period). During the transition period glass containers will not pay a deposit and there will be no incentive for the consumer to return to retail or collection points. Therefore, whilst most glass will be collected at the kerbside until 2031, from day one of the scheme in October 2027, glass containers in scope of DRS in Wales will not pay Extended Producer Responsibility (EPR) fees – that are currently paid to Welsh LAs. The RIA states: *'In the DRS scenario, DRS drinks containers will be exempt from pEPR payments from the scheme launch in October 2027 and local authorities will not receive the pEPR payments relating to this material. This includes glass drinks containers during the transitional Op deposit period' (2.93)*. Additionally, even from 2031 when glass will be subject to a deposit and 'return to retail', other glass containers will still be collected at the kerbside (i.e. jam jars) increasing inefficiency.

Glass Reuse: Introduction of a glass re-use scheme in Wales was not permitted under the UKIMA exclusion: *'UK government has been unable to agree a UKIM Act exclusion for this part of the proposal. Any future exclusion request for reuse will be considered by the UK government and devolved governments'*. Despite this, reuse is covered extensively in the regulations and the RIA, including setting targets. [Part 3 of the draft regulations](#) state that *'These Regulations establish in Wales a deposit scheme in respect of containers in which drinks are supplied, for the purposes of— (a) sustaining, promoting and securing an increase in the reuse of refund items and recycling of materials'*. The draft regulations also require the DMO (Scheme Governance) to make arrangements for the reuse of deposit items (Clause 73). Within the draft regulations, targets are set for the % of returned containers being reusable by October 2031, and the the RIA includes phased reuse targets from 2029-2035.

Other Procedural Concerns: UKIMA and Consultation Process:

The Welsh Government did not formally propose an exclusion request under the UK Internal Market Act until [27th November 2025](#). The UKIMA exclusion process therefore began after the Welsh Government's public consultation closed ([10th November 2025](#)), and over 2 months after the Welsh Government issued formal World Trade Organisation notification of their draft regulations ([17th September 2025](#)). Based on the draft regulations, the WSTA issued a notification to the Office for the Internal Market (the watchdog for the UK Internal Market Act) in early November 2025, outlining the necessity for an exclusion to UKIMA for the scheme in Wales. The Welsh Government announced their intention to include glass containers in a unique Deposit Return Scheme in Wales in November 2024, meaning that a UKIMA exclusion was not sought for over 12 months.

The UKIMA exclusion for the inclusion of single-use glass containers was the first agreed under the new UKIMA exclusions process, agreed as part of the 2025 review into the operation of the Act. Therefore, given this is an important 'test case' for the new process, it's important that Welsh Government sought evidence of the impact of introducing a glass-in DRS on the three evidence factors that are used for UKIMA exclusions since July 2025, namely: *'direct and indirect economic impact (including costs to businesses), environmental protection, and public health'* ([Reserve Exclusions Process – Part 18, p.33](#)). The Office for the Internal Market (OIM) is the independent watchdog for the UK internal market and operation of UKIMA, [with a remit](#) to *'support the effective operation of the UK's internal market, and provides expert and independent advice to the UK government and devolved governments'*. As the first exclusion agreed under the new UKIMA exclusions process, clarity is needed as to whether the Welsh Government requested independent advice from the Office for the Internal Market on the impacts of agreeing an exclusion for single-use glass in DRS. In the 2025 review of the UK Internal Market Act, UK Government stated: *'we will take steps to work with the devolved governments to ensure that the OIM's independent expertise is engaged and considered earlier and in a more structured and consistent way within policy*

discussions to inform better decision making' ([p.25](#)). The OIM has been monitoring the development of Deposit Return Schemes since 2024.

This raises numerous concerns:

- Has the UKIMA exclusions process (and scrutiny of the regulations in the Senedd) pursued at unnecessary pace? The formal UKIMA exclusions process was completed in just 10 weeks
- Was the design of the scheme subject to meaningful impact from public consultation? (WTO notification was issued 7 weeks before the public consultation period closed)
- Did Welsh Government request independent advice from the OIM on the impact of including glass in DRS?

WSTA Background:

The Wine and Spirit Trade Association (WSTA) represents c.350 businesses, covering the full route to market from the point of production/import to the point of retail. WSTA members include multi-national brands, importers, bulk bottlers/packers, logistics firms, warehouseers, glass manufacturers, and retailers (including major supermarkets, BWS specialists, and DTC retailers). Over 60% of WSTA members are SMEs, and over 40% are micro-businesses. The vast majority of WSTA members are onward suppliers to both the on-and-off trade, often via indirect supply chains (such as wholesale).

In 2022, the UK wine and spirit industry contributed c.£76 billion in economic activity. The UK is a global hub for the trade – as the largest exporter of spirits and second largest importer of wine (by volume and value). In 2024, the UK exported the equivalent of 1.5 billion bottles of spirits (70cl) and imported the equivalent of 1.7 billion bottles of wine (75cl). The WSTA represents c.70% of all drinks industry glass placed on the UK market.

The WSTA and our members support the introduction of UK-wide Deposit Return Schemes for PET plastic and aluminium containers, and we have worked closely with DEFRA and the Devolved Administrations to deliver this. We believe that Wales's existing method of kerbside collection is the most effective for glass. This is highly successful (c.92% collection – [WRAP Cymru, 2023](#)), and at a relatively low cost to taxpayers. The WSTA and our members long advocated for glass to remain under the kerbside system, and to be included in EPR over DRS when delivering the 'polluter pays' environmental principle. Including glass in DRS is unlikely to improve on this collection rate – and includes additional environmental challenges (such as vehicular emissions in transporting glass, and reduced quality of glass collections).